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ON-THE-RECORD BRIEFING

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Senior Advisor on Trafficking in Persons
Release of the Seventh Annual Trafficking in Persons Report**

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(10:13 a.m. EDT)

AMBASSADOR LAGON: It's a pleasure to be here. Thank you, Secretary Rice, and good morning. I'd like to offer an overview of what's in the report and then after a few minutes, welcome your questions. It's an honor to succeed Ambassador John Miller as director of an extraordinary office dedicated to ending a deeply dehumanizing form of exploitation. Human trafficking or trafficking in persons is modern-day slavery.

At the heart of U.S. efforts to end human trafficking is a commitment to human dignity. Every day, all over the world, people are coerced into bonded labor, bought and sold in prostitution, exploited in domestic servitude, enslaved in agricultural work and in factories, and captured to serve unlawfully as child soldiers. Estimates of the number vary widely. According to U.S. Government estimates, approximately 800,000 people are trafficked across international borders each year and about 80 percent of them are female. Up to half are minors.

And these figures do not include millions who are trafficked into labor and sexual slavery within national borders. Stomach-wrenching individual stories, however, tell more than the aggregate numbers and these are the people who motivate everyone active in the movement to abolish human trafficking.

Let me tell you about one victim. At age 22, Ko Maung left Burma with his new bride to find work in a neighboring country. He took a job on a fishing boat for two years because he was promised good money, \$70 per month. But that boat stayed at sea for three years and the workers were fed only fish and rice. Not getting enough vitamins, they began to starve. They were denied medical care or passage home. The good job turned out to be a floating death camp. One by one, the men began to perish, including Ko Maung. His body was dumped overboard. So were the exhausted, malnourished bodies of 29 other modern-day slaves.

60 fishermen who survived weren't paid at all. Police refused to prosecute the employer since there are no bodies to prove a crime. In a climate of official indifference with forced labor violations typically not criminalized, desperate, migrant laborers are especially vulnerable to

forced fraud and coercion, the fundamental markers of human trafficking. This seventh annual Trafficking In Persons report is dedicated to Ko Maung and to his grieving family.

The structure of the report and the purpose are focused largely on drawing the world's attention on the existence of modern-day slavery and the desperate need to eliminate it in the same way that the world ended the African slave trade more than a century ago. Human trafficking plagues every country in one way or another, including the United States. The report covers 164 countries and territories, comprising some 85 percent of the world. It ranks 151 countries and territories where there have been some 100 cases of human trafficking that were documented. It spells out what countries are doing on prosecution, prevention and protection and what more can be done together between the United States and other countries on all three fronts.

The U.S. Government is committed to taking action in cooperation with other nations. The process of diplomatic engagement bilaterally to mitigate the problems documented in the report goes on throughout the year, not just in this season that I'm talking to you now. Our sources of information for this report include U.S. Embassies, NGOs worldwide, brave activists fighting human trafficking, foreign law enforcement officers and staff visits. Extensive analysis based on criteria laid out by Congress in the law goes into the assignment of countries into Tier 1, Tier 2, Tier 2 Watch List and Tier 3.

A country falls into Tier 3 if its government is not making a significant effort to combat human trafficking. A Tier 3 country can be sanctioned if it doesn't take seriously antislavery action in the next 90 days. Sadly, this year the list of countries on Tier 3 has grown to -- due to a lack of effort by these governments to combat this serious transnational crime. There are a total of 16 countries on Tier 3, seven of which dropped down to Tier 3 this year: Algeria, Bahrain, Equatorial Guinea, Kuwait, Malaysia, Oman and Qatar.

It's especially disappointing that so many wealthy countries in the Near East that aren't lacking adequate resources to make significant progress are on Tier 3. For instance, Saudi Arabia is on Tier 3 for the third year. These are countries in that region that rely extensively on foreign migrant laborers. Practices such as sponsorship laws create conditions that make guest workers especially vulnerable to trafficking in the region.

Sponsorship laws give employers extensive personal authority over workers, allowing them to control movement and legal status. These -- there are cases of workers escaping abuse in private homes or work sites. They flee to local police. But if their sponsor denies them an exit permit to leave the country, the exploited workers are effectively held hostage in a shelter or a police detention center, sometimes for years. The power given to sponsors over foreign workers should be limited and counterbalanced with rights for workers to seek legal redress and governments in destination countries should be more active in protecting workers.

Now 32 countries are on the Tier 2 Watch List, the same number as last year. The Tier 2 Watch List should be a warning. Unfortunately, too many major countries on the Tier 2 Watch List have ignored this warning year after year. India, Mexico, and Russia are on the Tier 2 Watch List for the fourth consecutive year. Armenia, China, and South Africa are on Tier 2 Watch List for a third consecutive year. For all Tier 3 and Tier 2 Watch List countries, the United States

outlines a short-term action plan through which to spur bilateral commitment and specific steps to improve the situation. Tier 2 Watch List is not supposed to become a parking lot for governments lacking the will or interest to stop exploitation and enslavement on their soil. We stand ready to cooperate with these nations and support any efforts they make to end this travesty within their borders.

On a positive note, 10 governments ranked on Tier 2 Watch List last September when the President made final determinations on tier status moved up to Tier 2 on this report: Bolivia, Brazil, Indonesia, Israel, Taiwan, Peru, Jamaica, they're among these moving up to Tier 2 based on significant new efforts. Belize moved up from Tier 3 to Tier 2 in one year. The Government of Brazil renewed its commitment to confronting slave labor in the Amazon with a number of new measures. The Government of Indonesia enacted a sweeping counter-trafficking law providing protection for all victims including migrant laborers who are fraudulently recruited from overseas work, but fall into trafficking as a trap.

Last week, a raid in Taiwan, a real success story, demonstrated a welcome new attitude. Working closely with U.S. law enforcement, Taiwan broke up a cross-border trafficking ring, arresting 12 people suspected of trafficking women to the United States and other countries where they were exploited in prostitution and pornography. Countries that have established credentials in good governments and rule of law are more likely to move quickly in protecting victims of trafficking and handing down justice to exploiters.

For example, while China resisted joining the international community in upholding universal anti-trafficking standards, given a lack of rule of law, Taiwan's vibrant civil society and democratic character have helped it adopt significant reforms over the past year. On Tier 1, three countries appear for the first time this year: Georgia, Hungary, and Slovenia. Georgia's performance is particularly notable, considering it's the only Tier 1 country in a region struggling to strengthen rule of law. Georgia has shown an admirable political commitment to confronting human trafficking. Its improvement includes efforts to prevent girls and women from being lured into the global sex trade, where exploiters turn women and girls into mere commodities with their bodies for sale.

Young girls and unsuspecting women are often lured or kidnapped or sold into an omnivorous sex industry. The length between prostitution and sex trafficking is indisputable. That's why we must move with more creativity and commitment to deal with the demand for victims. Prostitution is not a victimless crime. It ruins lives from Mexico to Malta, from Tel Aviv to Tokyo, from Albany, New York to Abuja, Nigeria. Sexual servitude is particularly grotesque in human trafficking. The report is interspersed with stories of survivors who have been aided by U.S. programs that demonstrate our commitment to rescue and rehabilitate innocent victims.

Let me tell you briefly about some trends that we see highlighted in the 2007 report. Use of debt, first of all, as a tool of coercion and secondly, stalled progress in strengthening rule of law. First, in both labor and sexual exploitation, illegal or illegitimate debt is increasingly used to keep people in servitude. This debt is used by traffickers as an instrument of coercion. How does this work? People are enticed into fraudulent offers of work abroad that require a steep

payment up front for the services of a labor agency arranging the job or a payment that goes straight to the future employer.

To pay the fee, workers often borrow money from relatives and friends or they mortgage property. Sometimes, additional debt is added at the place of employment: inflated fees for supposed costs of room and board or equipment. Sometimes, new, unexpected transportation fees are added. The debt becomes exorbitant on purpose, yet workers are trapped into trying to pay it off for years. This debt is as effective as overt force in keeping them in bondage, yet it's invisible and often overlooked by criminal investigators. In trafficking for prostitution, we're increasingly aware of debt being used to coerce and control victims. Daily fees charged by brothel owners for rent, food, drugs, even condoms create an inescapable financial burden that amounts to debt bondage, a form of human trafficking.

A second trend, second theme; the 2007 TIP report reflects our overall sense that progress on the critical front of rule of law appears to have stalled. Democracy and rule of law are crucial to fighting human trafficking. And fighting trafficking conversely is crucial to the future of democracy worldwide, since trafficking is one of the most brutal ways to silence women, half of humankind worldwide. This lack of progress on rule of law can be traced to official corruption and complicity on the one hand and indifference on the other. These passive and active factors perpetuate abuse despite increased public awareness and despite extraordinary bravery on the part of activists and NGOs around the world.

It hurts my heart to share with you this very recent example that typifies the confluence of officials' complicity in trafficking and indifference in the face of heroism to end modern-day slavery. One of the heroes highlighted in this year's report, Kailash Satyarthi of the Indian NGO Bachpan Bachao Andolan or BBA, prompted the rescue of 92 Bengali children enslaved in goldsmith and jewelry factories in India's capital city of New Delhi. The children were forced to eat, sleep, and labor in workshops, 10 to a room. Dangerous chemicals were used for making gold ornaments in the same rooms that they were kept 24 hours a day. Most of the children were under the age of 14. According to the children, many were physically and sexually abused.

Just days after this rescue which didn't result in any arrests in India, the factory owners, managers, and their thugs showed up at BBA's shelter with iron rods, sticks, and bricks. They tried to recapture the children. Shelter staff were injured. When police finally responded, no one was arrested. The connections and clout of these traffickers were enough, apparently, to thwart justice. India has the world's largest labor trafficking problem with hundreds of thousands of sex trafficking victims and millions of bonded laborers including forced child laborers. In India, there is no national anti-trafficking effort, no recognition of bonded labor on an official level, and poor efforts against sex trafficking. The world's largest democracy has the world's largest problem of human trafficking.

The goal of this report is not to punish. It's to stimulate government action in concert with the United States to end modern-day slavery and to celebrate the heroism of those who are working to help spare victims from pain. The report identifies anti-trafficking heroes from around the world and commendable practices. Individuals and local initiatives can make a difference in leading path-breaking efforts to protect victims, increase global awareness, and protect and

prosecute criminals. On pages 38-41 of the report, you see some of these inspirational examples, and I'd urge you to read that part of the report carefully.

The United States is deeply committed to fulfilling its responsibilities and to fight against trafficking in persons within our own borders as well. We have a problem at home which we're confronting forcefully, and we're working to be a partner to those abroad, including through substantial and frankly compassionate funding. In fiscal year 2006, we contributed more than \$74 million abroad, funding 154 international projects in 70 countries. Since fiscal year 2001, the United States Government has funded more than \$448 million to fight human trafficking.

This report is not just an assessment and a judgment about nations, but a blueprint about the sorts of things the United States can help other countries do programmatically. Modern slavery has met with a powerful movement, seeking its abolition in the 21st century, assuming the mantles of William Wilberforce and Josephine Butler.

I want to thank you for your support. Thank you for joining us here; taking the time. By broadcasting this tragic but true story of trafficking in persons, you help prevent a widespread crime against human dignity and help give victims hope for escape. I welcome your questions and I'd ask you when you ask a question, to identify yourself and your media organization.

QUESTION: Anne Gearan from the Associated Press. You mentioned repeat offenders, Saudi Arabia and India, also strategic U.S. allies. Do you think those countries regard their positions with the United States as inviolable, and thus they don't have to take you seriously?

AMBASSADOR LAGON: They shouldn't. We make clear in our high-level dialogues with them that this isn't a tertiary or secondary issue. I was just speaking with the Secretary this morning about how we talked to some of these important partners of ours on some fronts and make sure that we engage in them in diplomacy so that there isn't just a burst of activity after this report comes out on my part, but in fact a regular dialogue through the year with those countries.

Of course, in the case of some that you mention, the problem of trafficking in persons is part of a larger problem of rule of law and a pattern of certain ethnic groups and foreign workers being seen as less than human. This is the crux of the human trafficking problem. When someone -- a woman, a child, someone from another ethnic group or cast -- is seen as not worthy of concern -- they're only a foreign worker, they're only a woman -- that's a horrifying situation. And as part of a larger effort with these countries, we're trying to affect change.

Elise.

QUESTION: Elise Labott with CNN. Just to follow-up on the case of India that's been on the Tier 2 Watch List for four years, could you talk about the decision not to put India on the list this year? It's a quite extensive description of the problem, and you yourself just detailed horrible conditions for up to 65 million bonded laborers in India.

AMBASSADOR LAGON: Like many countries that are on the Tier 2 Watch List, there is a very severe problem with human trafficking in India. The more time we spend on this report in

modesty, the more we learn about problems of labor trafficking, of bonded labor. And in this report we see reflected more and more detail about an endemic problem in India. We need to engage in a very serious dialogue with India, with them having the sense that they will be reassessed about their tier level and how their record is changing, like all Tier 2 Watch List countries. That includes an offer of partnership because two serious democracies who have a developing alliance. The relationship, the level of communication between our two governments is such that it can stand some serious frank talk about a problem like bonded labor or sex trafficking. And we're going to lay out working with them, a kind of action plan for steps forward on this before the reassessment.

QUESTION: If I can just follow up.

AMBASSADOR LAGON: Sure.

QUESTION: Haven't you already done that in the case of India? I mean, haven't you already had an action plan for them and --

AMBASSADOR LAGON: We have. And what's required is that in the context of our overall diplomacy with them, talking about all sorts of serious issues, great power of politics, counterterrorism, civilian nuclear cooperation and so on, that this has to have high level emphasis as well as a serious problem, but in modesty. You know, the United States is not only in a position to point fingers. We need to say we had our legacy of slavery, we had our legacy of segregation, we had our legacy of discrimination. Serious democracies have evolved, but we need to ramp up that effort. With a serious sense on the part of the Indian Government that, you know, reassessment is a distinct possibility.

QUESTION: It's not something that was a political determination.

AMBASSADOR LAGON: No. Look, there are many different variables that are taken into account in everything we do at the State Department. I would be perpetuating a fraud to say that we don't look at multiple factors in our relationship with countries any time we take a step on a particular issue like human trafficking. But look at the report -- Zimbabwe, it has a situation on political opposition being repressed and our relationship with the government in a very critical state on other grounds. But the facts are that through our leveraging and through our prodding Zimbabwe has taken some tangible steps and it's actually moved up from Tier 3 to Tier 2. So there are, you know, efforts, very strong efforts to make an objective assessment based on criteria laid out in the law and I played a small part in the passage of the law in the year 2000 and so I know a little bit about those criteria.

QUESTION: Arshad Mohammed with Reuters. You've pointed out that a number of the new countries in Tier 3 are relatively wealthy near eastern countries, significant oil exporters that do not lack for resources. There are also a number of them U.S. allies -- Kuwait, Oman, Bahrain, Qatar, Algeria. What, to your mind, explains the fact that these countries which were not previously in this lowest category of not even meeting the minimal standards should have slid down this year? And secondly, on Saudi Arabia, it is clearly not very sensitive to the kinds of sanctions that could be imposed in terms of the withholding of certain U.S. assistance or

withholding of U.S. support in the international financial institutions. And given that it's been in the lowest category for three years in a row, it's not been too sensitive to the shame factor of being exposed through the report.

Do you wish you had -- and I know you've only been at this a little while, but do you wish you had stronger statutory tools to try to influence behavior, one; and two, can you think of anything else you can do to try to get countries that have been serially in the lowest category to do more?

AMBASSADOR LAGON: That's a great question. I'd say on balance that the tools provided by the Trafficking and Victims Protection Act and our friends on Capitol Hill are quite good. This is a unique example of the human rights reports that we have in different areas generally on countries, the ones on religious freedom and so on, because the tier ranking is much more refined. It's associated with producing action plans for the two lowest rungs for steps that need to be taken, potential sanctions, grace periods for nations to take steps so that they might be either boosted up the scale of tiers or find themselves sliding down. So on balance, it's actually one of the more refined tools that's been given to us in terms of sanctions and reports.

In fact, now for the third time the legislation is going to be reauthorized this year, and I think Capitol Hill will think about refinements, you know, of such things, including, you know, how long states can stay on the Tier Two Watch List among other things.

As far as the region, what we found as a general pattern in this report is an endemic problem of the way foreign workers are treated in the Persian Gulf, in Middle Eastern states. There is a recruitment pattern of people, unsuspecting people who are offered jobs as secretaries, as maids; they end up being sex slaves or put into domestic servitude in an involuntary way. That's seen throughout the region and it seems to be an increasingly acute problem.

Sir.

QUESTION: Yes. Charlie Wolfson from CBS. You mentioned the figure of 800,000 worldwide as an estimate. Do you have an estimate of the number of people trafficked across the U.S. border?

AMBASSADOR LAGON: Well, an estimate that we work off is approximately 14,500 to 17,500 per year. I'll say something about statistics. We wish we had better statistics. It would be helpful to know how much of a dent in the problem we're making. But I do think that with the resources that we have to fight the traffickers, to help the victims, we want to make sure that we don't spend a great deal of money on the statistical study when some of those resources could be used to build a victims shelter or to train law enforcement officers in other countries or figure out how to prevent officials in other countries from deciding to get their palms greased in corruption and allow trafficking to occur.

QUESTION: Hi. I'm Libby Leist from NBC. I wanted to ask about Iraq and can you talk a little bit about why it's designated a special case? And also how concerned are you about forced labor inside that country, including at facilities run by the U.S. or projects being built by the United States?

AMBASSADOR LAGON: A serious question and one that we're very seized with. I mean, there are a number of cases in the report that are designated as special cases. They tend to be either a case in which the requisite number of cases of trafficking, 100 cases, haven't been easy to document. And so the government in question isn't rated or it's a case of a government that is facing enormous turbulence, like Liberia last year, Haiti at times. And you know, let's speak the truth about Iraq, there is a very turbulent situation with strife among ethnic groups and caused by terrorists.

While we're pleased that democratic elections have taken place and that rule of law is being slowly rooted into place, you know, it's the conclusion of the U.S. Government that it's -- you know, it should be a special case in terms of rating it. We however are very serious about talking about the problem of trafficking in Iraq.

In a situation in which there is a conflict, open-armed conflict, this is a place where people can be vulnerable. And so when you talk about the actual possibility of trafficking in persons, I'd like to say that, you know, my office has a role I think vested in it by Congress of being a kind of conscience in the U.S. Government about trafficking in persons so that we don't look aside when we have strategic purposes and not look at trafficking in persons.

There were media reports in October of 2005 about questionable labor practices by defense subcontractors. There appeared to be cases of foreign workers who had their passports withheld and were not getting the kind of pay that they'd been promised quickly in February of 2006. And the Defense Department did a study on the ground -- inspector general study -- and shortly thereafter in May 2006 rules were put in place so that only licensed recruiting companies could be used by subcontractors, passports couldn't be taken away and that all workers would be given a signed contract in their own native language and in English.

More recently, there have been allegations about a Kuwaiti company involved in the construction site of the U.S. Embassy in Baghdad. Our office received a number of credible reports in late 2006 and we insisted on the State Department launching through its Office of the Inspector General an examination of this. And we didn't -- rightly didn't play a part in the writing of that report since the Inspector General is independent. With the help of Defense Department investigators, they've looked into indicators of trafficking, we will continue at the office I lead to ask questions about that.

QUESTION: Is that OIG report --

AMBASSADOR LAGON: I'm sorry.

QUESTION: Is that OIG report public?

AMBASSADOR LAGON: It is. Yeah, it's on the website.

Sir.

QUESTION: Lambros Papantoniou, Greek correspondent. Ambassador Lagon, what Greece and Cyprus should be done ready to transfer to Watch List number 1 like the United Kingdom, Poland, Czech Republic, Georgia, Canada, Australia and some other countries of your choice?

AMBASSADOR LAGON: I'm sorry. What?

QUESTION: What Greece and Cyprus should be done to transfer from the list, number two to one?

AMBASSADOR LAGON: What needs to be done?

QUESTION: Mm-hmm.

AMBASSADOR LAGON: The -- in the cases of Greece and Cyprus, they're clearly governments that have substantial rule of law and substantial resources, unlike developing countries. And we intend to continue working with both of them on how to move forward.

As far as Greece goes, its anti-trafficking laws are adequate, but it's -- in particular, its identification of victims of trafficking are rather weak. Shelters are underused. So what we need to do is work on going further and helping Greece actually hold traffickers to account and convict them, and to more systematically identify victims because what we found here at home is that having a victim-centered approach -- so that people are not treated like illegal aliens or criminals, but in fact victims with rights -- as essential.

As far as Cyprus goes, again, there's a pretty strong case that there's capacity on the part of the Government of Cyprus. But there is a big problem of Cyprus being a destination for sex trafficking of Eastern European women. There is a tilt in the anti-trafficking law towards -- focused on sex trafficking but not on debt bondage. One thing in the sex trafficking area that would be very helpful is if Cyprus abolished the so-called artiste visa where people come, lured into being dancers -- exotic dancers and you know what that ends up being.

QUESTION: In which category you are placing the United States of America since you told us earlier that is included in this process?

AMBASSADOR LAGON: The United States of America is not perfect, and we haven't assigned it a tier rating. But unlike some other human rights reports, it's actually addressed here. You'll find a summary of the U.S. record along the same lines of what it's doing on protecting victims, preventing trafficking through public awareness and prosecution. Also, annually, the Department of Justice puts out a report on everything that's being done by the United States Government on trafficking in persons. And we in our office try and make sure that the world sees that report.

It is very important that the United States be seen as a partner and that we have a problem at home. We are not just standing with our arms folded, judging others, because this is a transnational problem. There's serious trafficking in persons into the United States from East Asia, from Latin America, from Europe, and there's trafficking within the United States. And

we're ready to be judged because we offer our hand as a partner to try and solve this problem of modern-day slavery.

MODERATOR: Okay, this will be the last question.

AMBASSADOR LAGON: Okay.

QUESTION: Kirit Radia with ABC News. I had a question about Syria, to follow up on the Iraq question that Libby asked. Your report talks about sexual exploitation of Iraqis in Syria. How many of those does your office believe are refugees?

AMBASSADOR LAGON: I don't know off the top of my head what the number is. I could get back to you on that. We take seriously the problem of Iraqi refugees and the vulnerability that they have. That's one of the reasons why Under Secretary Dobriansky has led an effort and -- Department of State to deal with Iraqi refugees in concert with the UN High Commissioner for Refugees. But it is indeed possible that those who have fled from Iraq are vulnerable, and it's the responsibility of not just the United States but the international community to deal with that in Syria. The problem in Syria though is that you have some of these endemic issues of how foreign workers are treated and mistreated, plus a particularly closed and insensitive government.

After this session, let me say that Mark Taylor, who heads the section of our office that prepares this report, and Eleanor Gaetan, who is our Senior Coordinator for Public Affairs, will be on hand to provide background on the report; the level of detail if you want to go into it further afterward. And I'd welcome hearing from you over the next few days and weeks because I'm here to help promote public awareness, not just engage in diplomacy.

Thank you for taking the time with me.

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